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111 - Public File

New York Agency, One Liberty Plaza, New York, N.Y. 10006

December 4, 2008

Uranium One Inc.
on behalf of Uranium One Exploration USA Inc.
1285 West Pender Street, Suite 900
Vancouver, Canada V6E 4B1
Attention: Graham Du Preez
Tel: 604 601 5627

71 3027

Re: Irrevocable Standby Letter of Credit No.

Gentlemen:

At your request, we enclose the above-mentioned Letter of Credit issued in favor of State of Utah, Utah Division of Oil Gas and Mining (DOGM).

Yours very truly,

Sandra Edwards

Manager

Standby Letter of Credit Department

Tel: 212-225-5424

Fax: 212-225-6464/5499

0010 Public File

**New York Agency** 

One Liberty Plaza, New York, N.Y. 10006

DATE: DECEMBER 3, 2008

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

AMOUNT: NOT EXCEEDING USD118,853.00

DATE OF EXPIRY AND PLACE OF EXPIRY: DECEMBER 3, 2009 NEW YORK, U.S.A.

### **BENEFICIARY:**

STATE OF UTAH
UTAH DIVISION OF OIL, GAS AND MINING (DOGM)
1594 WEST NORTH TEMPLE SUITE 1210
BOX 145801
SALT LAKE CITY, UTAH 84116
U.S.A.

FOR ITSELF AND AS AGENT FOR: BUREAU OF LAND MANAGEMENT (BLM) UTAH STATE OFFICE 440 WEST 200 SOUTH SUITE 500 SALT LAKE CITY, UTAH 84101 U.S.A.

### APPLICANT:

URANIUM ONE, INC.
ON BEHALF OF URANIUM ONE EXPLORATION USA INC.
SUITE 900, 1285 WEST PENDER STREET
VANCOUVER, BC
CANADA V6E 4B1

RE: URANIUM ONE EXPLORATION (USA), INC., VELVET MINE RECLAMATION SURETY UNDER DOGM ISSUED PERMIT NO. M370040

### **GENTLEMEN AND LADIES:**

1. THE BANK OF NOVA SCOTIA, NEW YORK AGENCY, ONE LIBERTY PLAZA, NEW YORK, NEW YORK 10006, U.S.A., HEREBY ESTABLISHES THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "LETTER OF CREDIT") IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING (DOGM) ("DIVISION") FOR ITSELF AND AS AGENT FOR THE BUREAU OF LAND MANAGEMENT (BLM) UTAH STATE OFFICE (COLLECTIVELY THE "BENEFICIARY") FOR AN AGGREGATE AMOUNT NOT TO EXCEED USD118,853.00 (UNITED STATES DOLLARS ONE HUNDRED EIGHTEEN THOUSAND EIGHT HUNDRED FIFTY THREE AND 00/100) ("FACE AMOUNT") EFFECTIVE IMMEDIATELY; ON BEHALF OF URANIUM ONE EXPLORATION (USA), INC., ("OPERATOR") FOR THE VELVET MINE RECLAMATION SURETY UNDER DOGM ISSUED PERMIT NO. M370040.

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# The Bark of Nova Scotia

- 2. THIS LETTER OF CREDIT WILL EXPIRE THE DATE UPON EARLIER OF THE FIRST EVENT SET FORTH AS FOLLOWS: (A) 5:00 O'CLOCK P.M. (NEW YORK TIME) ON DECEMBER 3, 2009 OR ANY FUTURE EXPIRATION DATE, OR (B) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE URANIUM ONE EXPLORATION (USA), INC., FROM FURTHER LIABILITY FOR RECLAMATION OF VELVET MINE UNDER DOGM ISSUED PERMIT NO. M370040, WITH NOTICE TO BANK BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR TERMINATION.
- 3. THIS LETTER OF CREDIT ISSUED ON DECEMBER 3, 2008 WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST 90 DAYS PRIOR TO THE ISSUANCE DATE OF THE FOLLOWING YEAR OR ANY FUTURE EXPIRATION DATE, THE BANK SENDS NOTICE TO THE DIVISION BY ANY COURIER SERVICE OR BY REGISTERED UNITED STATES MAIL "RETURN RECEIPT REQUESTED" THAT THE BANK ELECTS NOT TO EXTEND THE LETTER OF CREDIT.
- 4. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING STANDBY LETTER OF CREDIT NO. DELIVERED TO THE OFFICE OF THE BANK, ONE LIBERTY PLAZA, NEW YORK, NEW YORK 10006, U.S.A. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.
- 5. 'IF THE BANK RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 4 ABOVE ON OR BEFORE THE TERMINATION OF THIS LETTER OF CREDIT, THE BANK WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, NEW YORK TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE BANK'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY. "BUSINESS DAY" MEANS ANY DAY THAT IS NOT A SATURDAY, SUNDAY OR OTHER DAY ON WHICH COMMERCIAL BANKS IN THE STATE OF NEW YORK ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE.
- 6. THE BANK WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS, WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS.
- 7. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDIT, 2007 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME ("UCP"). IN THE EVENT OF A CONFLICT BETWEEN UTAH LAW AND THE UCP, UTAH LAW SHALL GOVERN.
- 8. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE BANK OF NOVA SCOTIA, NEW YORK AGENCY, ONE LIBERTY PLAZA, NEW YORK, NEW YORK 10006, U.S.A. TELEPHONE (212) 225-5424, REFERENCING STANDBY LETTER OF CREDIT NO

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# The Bank of Nova Scotia

9. IN THE EVENT THE BANK GIVES NOTICE TO THE DIVISION THAT EXPIRATION DATE OF THE LETTER OF CREDIT WILL NOT BE EXTENDED, THE DIVISION MAY, UNTIL THE CURRENT EXPIRATION DATE OF THE LETTER OF CREDIT, DRAW UNDER THE LETTER OF CREDIT AGAINST ITS SIGHT DRAFT(S) IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH 4.

VERY TRULY YOURS, THE BANK OF NOVA SCOTIA NEW YORK AGENCY,

SANDRA EDWARDS

**MANAGER** 

DANIEL SANTIAGO

MANAGER

## EXHIBIT A - SIGHT DRAFT

## TO STANDBY LETTER OF CREDIT NUMBER

DATE	CITY, COUNTY	······································	LETTER OF CREDIT NO.	
			······································	
PAY TO THE C				
	UTAH DIVISIO	ON OF OIL, GAS	AND MINING, (DOGM)	
•••••			DOLLARS	
TO:				
	E OF BANK OR BANK) (ADDRESS)			
		1594 WEST NO BOX 145801	ON OF OIL, GAS AND MINING (DO ORTH TEMPLE SUITE 1210 ITY, UTAH 84116-5801	GM)
		RV·		

AUTHORIZED SIGNATURE

### **EXHIBIT B**

## TO STANDBY LETTER OF CREDIT NUMBER

OF THE UTAH DIVISIOD DRAWING IN THE AMOUNTED	A DULY AUTHORIZED REPRESENTATIVE NOF OIL, GAS AND MINING (DOGM), HEREBY CERTIFY THAT (1) THE OUNT OF \$
	THE UTAH DIVISION OF OIL, GAS AND MINING (DOGM)
	BY:AUTHORIZED SIGNATURE THE UTAH DIVISION OF OIL, GAS AND MINING
	DATE: